

Sberbank of Russia

Condensed Interim Consolidated Financial Statements and
Review Report

31 March 2012

Condensed Interim Consolidated Financial Statements and Review Report

CONTENTS

Review Report

Condensed Interim Consolidated Financial Statements

Condensed Interim Consolidated Statement of Financial Position	1
Condensed Interim Consolidated Income Statement	2
Condensed Interim Consolidated Statement of Comprehensive Income	3
Condensed Interim Consolidated Statement of Changes in Equity.....	4
Condensed Interim Consolidated Statement of Cash Flows	5

Selected Notes to the Condensed Interim Consolidated Financial Statements

1	Introduction	6
2	Operating Environment of the Group	7
3	Basis of preparation	7
4	Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of New or Revised Standards and Interpretations, and Reclassifications	7
5	Trading securities	9
6	Securities Designated at Fair Value through Profit or Loss	9
7	Loans and Advances to Customers.....	9
8	Securities Pledged under Repurchase Agreements	19
9	Investment Securities Available for Sale	20
10	Investment Securities Held to Maturity	20
11	Other Assets	21
12	Due to Individuals and Corporate Customers	22
13	Debt Securities in Issue	23
14	Other Liabilities	24
15	Interest Income and Expense	25
16	Fee and Commission Income and Expense	26
17	Net Gains Arising from Trading in Foreign Currencies, Operations with Foreign Currency Derivatives and Foreign Exchange Translation Gains	26
18	Operating Expenses.....	26
19	Earnings per Share	27
20	Segment Analysis	27
21	Financial Risk Management	32
22	Credit Related Commitments.....	36
23	Related Party Transactions.....	37
24	Operations with State-Controlled Entities and Government Bodies	39
25	Principal Subsidiaries.....	42
26	Capital Adequacy Ratio	44
27	Subsequent Events.....	44

Report on Review of Condensed Interim Consolidated Financial Statements

To the Shareholders and Supervisory Board of Sberbank -

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Sberbank (the "Bank") and its subsidiaries (together "the Group") as at 31 March 2012 and the related condensed interim consolidated income statement and statement of comprehensive income for the three-month period then ended, condensed interim consolidated statements of changes in equity and of cash flows for the three-month period then ended and selected explanatory notes. Management of the Bank is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

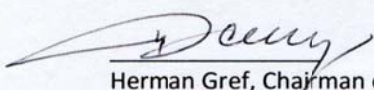
CJSC Ernst & Young Vneshaudit

29 May 2012

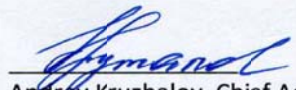
Condensed Interim Consolidated Statement of Financial Position

<i>In billions of Russian Roubles</i>	Note	31 March 2012 (Unaudited)	31 December 2011
Assets			
Cash and cash equivalents		922,2	625,6
Mandatory cash balances with central banks		117,1	101,2
Trading securities	5	97,4	102,0
Securities designated at fair value through profit or loss	6	30,4	52,0
Due from other banks		50,2	35,1
Loans and advances to customers	7	8 243,7	7 719,7
Securities pledged under repurchase agreements	8	416,4	300,8
Investment securities available for sale	9	765,8	884,5
Investment securities held to maturity	10	288,1	286,5
Deferred income tax asset		8,3	7,8
Premises and equipment		358,8	359,9
Other financial assets	11	141,5	163,1
Other non-financial assets	11	202,0	196,9
Total assets		11 641,9	10 835,1
Liabilities			
Due to other banks		821,1	532,4
Due to individuals	12	5 864,0	5 726,3
Due to corporate customers	12	2 391,9	2 205,8
Debt securities in issue	13	373,1	268,7
Other borrowed funds		237,4	244,0
Deferred income tax liability		23,6	21,2
Other financial liabilities	14	172,2	222,8
Other non-financial liabilities	14	63,3	42,4
Subordinated debt		318,0	303,5
Total liabilities		10 264,6	9 567,1
Equity			
Share capital		87,7	87,7
Treasury shares		(10,4)	(7,0)
Share premium		232,6	232,6
Revaluation reserve for office premises		80,8	81,5
Fair value reserve for investment securities available for sale		12,1	(7,5)
Foreign currency translation reserve		(4,8)	(5,7)
Retained earnings		975,8	882,9
Total equity attributable to shareholders of the Bank		1 373,8	1 264,5
Non-controlling interest		3,5	3,5
Total equity		1 377,3	1 268,0
Total liabilities and equity		11 641,9	10 835,1

Approved for issue and signed on behalf of the Management Board on 29 May 2012.



Herman Gref, Chairman of the Management Board and CEO



Andrey Kruzhalov, Chief Accountant


Condensed Interim Consolidated Income Statement

<i>(Unaudited)</i>		Three months ended 31 March	
<i>In billions of Russian Roubles</i>	Note	2012	2011
Interest income	15	249,7	197,7
Interest expense	15	(87,8)	(67,8)
Expenses directly attributable to deposit insurance	15	(5,6)	(4,8)
Net interest income		156,3	125,1
Net recovery of provision for loan impairment	7	3,2	14,2
Net interest income after recovery of provision for loan impairment		159,5	139,3
Fee and commission income	16	39,2	31,9
Fee and commission expense	16	(3,4)	(2,2)
Net gains arising from trading securities		3,4	0,4
Net gains/(losses) arising from securities designated at fair value through profit or loss		1,0	(1,6)
Net gains arising from investment securities available for sale		2,2	3,8
Net losses arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	17	(3,6)	–
Net gains arising from operations with precious metals and precious metals derivatives		3,3	1,4
Net gains/(losses) arising from operations with other derivatives		2,8	(1,2)
Provision charge for impairment of other assets		(0,8)	(0,1)
Other operating income		7,3	7,5
Operating income		210,9	179,2
Operating expenses	18	(96,1)	(71,4)
Profit before tax		114,8	107,8
Income tax expense		(22,6)	(21,0)
Profit for the reporting period		92,2	86,8
Attributable to:			
- shareholders of the Bank		92,2	86,8
- non-controlling interest		–	–
Earnings per ordinary share for profit attributable to the shareholders of the Bank, basic and diluted	19	4,28	4,02
(expressed in RR per share)			

Approved for issue and signed on behalf of the Management Board on 29 May 2012.



Herman Gref, Chairman of the Management Board and CEO



Andrey Kruzhalov, Chief Accountant

Condensed Interim Consolidated Statement of Other Comprehensive Income

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Three months ended 31 March	
	2012	2011
Profit for the reporting period recognised in the income statement	92,2	86,8
Components of other comprehensive income:		
Investment securities available for sale:		
- Net gains on revaluation of investment securities available for sale	26,6	10,3
- Accumulated gains transferred to Income statement upon disposal of securities	(2,2)	(3,8)
Net foreign currency translation gains/(losses)	0,9	(1,8)
Deferred income tax relating to components of other comprehensive income:		
- Investment securities available for sale	(4,8)	(1,3)
Total components of other comprehensive income for the reporting period, net of tax	20,5	3,4
Total comprehensive income for the reporting period	112,7	90,2
Attributable to:		
- shareholders of the Bank	112,7	90,2
- non-controlling interest	–	–

Condensed Interim Consolidated Statement of Changes in Equity

<i>In billions of Russian Roubles</i>	Attributable to shareholders of the Bank							Total	Non-controlling interest	Total equity
	Share capital	Treasury shares	Share premium	Revaluation reserve for office premises	Fair value reserve for investment securities available for sale	Foreign currency translation reserve	Retained earnings			
Balance as at 1 January 2011	87,7	–	232,6	53,6	24,4	(1,1)	585,8	983,1	4,1	987,2
Changes in equity for the three months ended 31 March 2011 (Unaudited)										
Amortisation of revaluation reserve for office premises, net of tax	–	–	–	(0,5)	–	–	0,5	–	–	–
Business combinations	–	–	–	–	–	–	–	–	0,1	0,1
Total comprehensive income recognised for the three months ended 31 March 2011	–	–	–	–	5,3	(1,8)	86,8	90,2	–	90,2
Balance as at 31 March 2011 (Unaudited)	87,7	–	232,6	53,1	29,7	(2,9)	673,1	1 073,3	4,2	1 077,5
Balance as at 1 January 2012	87,7	(7,0)	232,6	81,5	(7,5)	(5,7)	882,9	1 264,5	3,5	1 268,0
Changes in equity for the three months ended 31 March 2012 (Unaudited)										
Purchase of treasury shares	–	(3,4)	–	–	–	–	–	(3,4)	–	(3,4)
Amortisation of revaluation reserve for office premises, net of tax	–	–	–	(0,7)	–	–	0,7	–	–	–
Total comprehensive income recognised for the three months ended 31 March 2012	–	–	–	–	19,6	0,9	92,2	112,7	–	112,7
Balance as at 31 March 2012 (Unaudited)	87,7	(10,4)	232,6	80,8	12,1	(4,8)	975,8	1 373,8	3,5	1 377,3

Condensed Interim Consolidated Statement of Cash Flows

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Three months ended 31 March	
	2012	2011
Cash flows from operating activities		
Interest received	248,0	195,6
Interest paid	(67,7)	(58,7)
Expenses paid directly attributable to deposit insurance	(5,2)	(5,8)
Fees and commissions received	39,8	32,4
Fees and commissions paid	(3,8)	(2,4)
Net gains received from trading securities	1,5	0,4
Net (losses incurred)/ gains received from trading in foreign currencies and from operations with foreign currency derivatives	(6,2)	9,3
Net gains received from operations with other derivatives	2,7	0,5
Net gains received from operations with precious metals and precious metals derivatives	2,1	1,8
Other operating income received	17,7	9,1
Operating expenses paid	(71,3)	(48,2)
Income tax paid	(14,5)	(18,0)
Cash flows from operating activities before changes in operating assets and liabilities	143,1	116,0
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with central banks	(6,5)	(16,8)
Net decrease in trading securities	12,2	13,1
Net decrease in securities designated at fair value through profit or loss	17,9	17,6
Net increase in due from other banks	(78,3)	(5,9)
Net increase in loans and advances to customers	(347,2)	(223,3)
Net increase in other assets	39,4	64,4
Net increase in due to other banks	217,9	(20,4)
Net increase in due to individuals	89,9	72,9
Net increase/ (decrease) in due to corporate customers	118,3	(33,7)
Net increase/ (decrease) in debt securities in issue	47,3	(9,4)
Net (decrease)/ increase in other liabilities	(27,1)	7,1
Net cash from/ (used in) operating activities	226,9	(18,4)
Cash flows from investing activities		
Purchase of investment securities available for sale	(56,1)	(466,0)
Proceeds from disposal and redemption of investment securities available for sale	72,0	481,3
Purchase of investment securities held to maturity	(11,9)	(38,8)
Proceeds from redemption of investment securities held to maturity	15,1	–
Acquisition of premises and equipment	(12,9)	(6,0)
Acquisition of investment property	–	(0,4)
Proceeds from disposal of premises and equipment including insurance payments	1,7	4,5
Acquisition of subsidiaries	(6,8)	–
Proceeds from disposal of subsidiaries	3,8	–
Dividends received	0,6	–
Net cash from/(used in) investing activities	5,5	(25,4)
Cash flows from financing activities		
Other borrowed funds received	18,0	–
Redemption of other borrowed funds	(3,3)	(0,5)
Repayment of interest on other borrowed funds	(0,8)	(0,1)
Subordinated debt received	2,4	–
Funds received from loan participation notes issued under the MTN programme	66,1	–
Repayment of interest on loan participation notes issued under the MTN programme	(3,0)	–
Purchase of treasury shares	(3,4)	–
Dividends paid	(0,5)	–
Net cash from/(used in) financing activities	75,5	(0,6)
Effect of exchange rate changes on cash and cash equivalents	(10,3)	(6,7)
Effect of inflation on cash and cash equivalents	(1,0)	–
Net increase/ (decrease) in cash and cash equivalents	296,6	(51,2)
Cash and cash equivalents at the beginning of the year	625,6	719,6
Cash and cash equivalents as at the end of the reporting period	922,2	668,4

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

1 Introduction

These condensed interim consolidated financial statements of Sberbank of Russia (Sberbank, “the Bank”) and its subsidiaries (together referred to as “the Group” or “Sberbank Group”) have been prepared in accordance with IAS 34 *Interim Financial Reporting* for the three months ended 31 March 2012. Principal subsidiaries include foreign commercial banks and other Russian and foreign companies controlled by the Group. A list of principal subsidiaries included in these condensed interim consolidated financial statements is disclosed in Note 25.

The Bank is an open joint stock commercial bank established in 1841 and operating in various forms since then. The Bank was incorporated and is domiciled in the Russian Federation. The Bank’s principal shareholder, the Central Bank of the Russian Federation (“Bank of Russia”), owns 60.3% of ordinary shares or 57.6% of the issued and outstanding shares as at 31 March 2012 (31 December 2011: 60.3% of ordinary shares or 57.6% of the issued and outstanding shares).

As at 31 March 2012 the Supervisory Board of the Bank is headed by the Chairman of the Bank of Russia. The Supervisory Board also includes representatives from the Bank’s other shareholders and independent directors. Two First Deputy Chairmen of the Bank of Russia are Deputy Chairmen of the Supervisory Board.

The Bank operates under a full banking license issued by the Bank of Russia since 1991. In addition, the Bank holds licenses required for trading and holding securities and engaging in other securities-related activities, including acting as a broker, a dealer, a custodian, and provision of asset management services. The Bank is regulated and supervised by the Bank of Russia and by the Federal Service for Financial Markets. The Group’s foreign banks operate under the banking regulatory regimes of their respective countries.

The Group’s principal business activity is corporate and retail banking. This includes, but is not limited to, deposit taking and commercial lending in freely convertible currencies, local currencies of countries where the subsidiary banks operate and in Russian Roubles, support of clients’ export/import transactions, foreign exchange, securities trading, and trading in derivative financial instruments. The Group’s operations are conducted in both Russian and international markets. As at 31 March 2012 the Group conducts its business in Russia through Sberbank with its network of 17 (31 December 2011: 17) regional head offices, 505 (31 December 2011: 505) branches and 18 662 (31 December 2011: 18 727) sub-branches, and through principal subsidiaries located in Russia such as CJSC Sberbank Leasing, LLC Sberbank Capital and some companies of Troika Dialog Group Ltd. The Group carries out banking operations in Ukraine, Belarus, Kazakhstan, Austria, Switzerland and other countries of Central and Eastern Europe, and also conducts operations through a branch office in India, representative offices in Germany and China and companies of Troika Dialog Group Ltd. located in the United States of America, the United Kingdom, Cyprus and certain other jurisdictions.

The actual headcount of the Group’s employees as at 31 March 2012 was 270 422 (31 December 2011: 266 187).

Registered address and place of business. The Bank’s registered address is: Vavilova str., 19, Moscow, Russian Federation.

Presentation currency. These condensed interim consolidated financial statements are presented in billions of Russian Roubles (“RR billions”) unless otherwise stated.

At 31 March 2012 the principal rates of exchange used for translating each entity’s functional currency into the Group’s presentation currency and foreign currency monetary balances were as follows:

	/RUR	/UAH	/BYR	/KZT	/EUR	/CHF
RUR/	1	0,274	275,161	5,041	0,026	0,031
USD/	29,328	8,031	8 069,990	147,845	0,749	0,902
EUR/	39,171	10,727	10 778,267	197,462	1	1,204

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

1 Introduction (Continued)

At 31 December 2011 the principal rates of exchange used for translating each entity's functional currency into the Group's presentation currency and foreign currency monetary balances were as follows:

	/RUR	/UAH	/BYR	/KZT	/EUR	/CHF
RUR/	1	0,250	259,348	4,611	0,024	0,029
USD/	32,196	8,038	8 350,001	148,455	0,773	0,940
EUR/	41,671	10,404	10 807,403	192,146	1	1,217

2 Operating Environment of the Group

The Group primarily conducts its business in the Russian Federation. The Russian Federation continues economic reforms and development of its legal, tax and regulatory frameworks. The recent developments of the Russian government are focused on modernization of the Russian economy in order to improve its productivity and quality, increase the proportion of industries producing high-value-added products and services. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Despite economic recovery trends there continues to be uncertainty regarding further economic growth in Russia, access to capital markets and cost of capital, which could negatively affect the Group's future financial position, results of its operations and its business prospects. As the Russian economy is vulnerable to global economic slowdowns, there still remain the risks of fluctuations on the Russian financial markets.

While the management of the Group believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, unexpected deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

3 Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2011.

These condensed interim consolidated financial statements do not contain all the explanatory notes as required for a full set of consolidated financial statement.

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of New or Revised Standards and Interpretations, and Reclassifications

The accounting policies and methods of computation applied in the preparation of these condensed interim consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2011, except for the changes introduced due to implementation of new and/or revised standards and interpretations as of 1 January 2012, noted below:

Deferred tax: Recovery of underlying assets – Amendment to IAS 12 (issued in December 2010 and effective for annual periods beginning on or after 1 January 2012). IAS 12 has been updated to include a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of New or Revised Standards and Interpretations, and Reclassifications (Continued)

Disclosures – Transfers of Financial Assets – Amendments to IFRS 7 (issued in October 2010 and effective for annual periods beginning on or after 1 July 2011). The amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's statement of financial position. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. Where financial assets have been derecognised but the entity is still exposed to certain risks and rewards associated with the transferred asset, additional disclosure is required to enable the effects of those risks to be understood.

The above mentioned new or revised standards and interpretations effective from 1 January 2012 did not have a material impact on the accounting policies, financial position or performance of the Group unless otherwise stated.

Management's estimates and judgements. Judgements and critical estimates made by Management in the process of applying the accounting policies were consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2011. Management has not identified new areas of judgement or critical estimates.

Income tax expense is recognised in these condensed interim consolidated financial statements based on management's best estimates of the effective annual income tax rate expected for the full financial year. Costs that occur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Changes in presentation and reclassifications. The Group has changed disclosure of expenses directly attributable to deposit insurance according to the substance of such expenses. The presentation of the comparative figures has been adjusted to be consistent with the new presentation. The effect of changes on the condensed interim consolidated income statement as at 31 March 2011 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Operating expenses			
State deposit insurance system membership fee	4,8	(4,8)	–
Consolidated Income Statement			
Expenses directly attributable to deposit insurance	–	4,8	4,8

The effect of correspondent reclassifications on the condensed interim consolidated statement of cash flows as at 31 March 2011 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Operating expenses	54,0	(5,8)	48,2
Expenses directly attributable to deposit insurance	–	5,8	5,8

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

5 Trading securities

	31 March 2012 (Unaudited)	31 December 2011
<i>In billions of Russian Roubles</i>		
Corporate bonds	37,0	26,6
Federal loan bonds (OFZ bonds)	21,3	26,0
Municipal and subfederal bonds	5,4	7,2
Foreign government bonds	4,4	3,9
Russian Federation Eurobonds	1,6	6,3
Total debt trading securities	69,7	70,0
Corporate shares	25,0	29,7
Investments in mutual funds	2,7	2,3
Total trading securities	97,4	102,0

6 Securities Designated at Fair Value through Profit or Loss

	31 March 2012 (Unaudited)	31 December 2011
<i>In billions of Russian Roubles</i>		
Federal loan bonds (OFZ bonds)	22,6	30,5
Corporate bonds	0,4	–
Foreign government bonds	0,2	0,2
Municipal and subfederal bonds	0,1	0,1
Total debt securities designated at fair value through profit or loss	23,3	30,8
Corporate shares	7,1	21,2
Total securities designated at fair value through profit or loss	30,4	52,0

7 Loans and Advances to Customers

The tables below show credit quality of the Group's loan portfolio by loan classes as at 31 March 2012 and 31 December 2011.

For the purposes of these condensed interim consolidated financial statements a loan is considered past due when the borrower fails to make any payment due under the loan agreement at the reporting date. In this case the aggregate amount of all amounts due from borrower under the respective loan agreement including accrued interest and commissions is recognised as past due.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

7 Loans and Advances to Customers (Continued)

31 March 2012:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Not past due loans	Past due loans	Total
Commercial loans to legal entities	3 996,1	215,2	4 211,3
Specialised loans to legal entities	2 394,6	232,6	2 627,2
Consumer and other loans to individuals	1 039,1	57,8	1 096,9
Mortgage loans to individuals	827,5	44,1	871,6
Car loans to individuals	85,4	4,2	89,6
Total loans and advances to customers before provision for loan impairment	8 342,7	553,9	8 896,6
Less: Provision for loan impairment	(258,4)	(394,5)	(652,9)
Total loans and advances to customers net of provision for loan impairment	8 084,3	159,4	8 243,7

31 December 2011:

<i>In billions of Russian Roubles</i>	Not past due loans	Past due loans	Total
Commercial loans to legal entities	3 828,8	184,1	4 012,9
Specialised loans to legal entities	2 347,9	215,8	2 563,7
Consumer and other loans to individuals	898,7	45,3	944,0
Mortgage loans to individuals	741,6	35,8	777,4
Car loans to individuals	80,7	3,5	84,2
Total loans and advances to customers before provision for loan impairment	7 897,7	484,5	8 382,2
Less: Provision for loan impairment	(281,6)	(380,9)	(662,5)
Total loans and advances to customers net of provision for loan impairment	7 616,1	103,6	7 719,7

Commercial lending to legal entities comprises corporate loans, loans to individual entrepreneurs, federal bodies and municipal authorities of the Russian Federation. Loans are granted for current needs (working capital financing, acquisition of movable and immovable property, portfolio investments, expansion and consolidation of business, etc.). Majority of commercial loans are provided for periods up to 5 years depending on the borrowers' risk assessment. Commercial lending also includes overdraft lending and lending for export-import transactions. The repayment source is cash flow from current production and financial activities of the borrower.

Specialised lending to legal entities includes investment and construction project financing and also developers' financing. As a rule, loan terms are linked to payback periods of investment and construction projects, contract execution periods and exceed the terms of commercial loans to legal entities. The principal and interest may be repaid from cash flows generated by the investment project at the stage of its commercial operation.

Consumer and other individual loans comprise loans to individuals other than housing acquisition, construction and repair of real estate as well as car loans. These loans include loans for current needs and overdrafts.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

7 Loans and Advances to Customers (Continued)

Mortgage loans to individuals include loans for acquisition, construction and reconstruction of real estate. These loans are mostly long-term and are collateralized by real estate.

Car loans to individuals include loans for purchasing a car or other vehicle. Car loans are provided for periods of up to 5 years.

The table below shows the analysis of loans and provisions for loan impairment as at 31 March 2012:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities				
Collectively assessed				
Not past due	3 941,3	(113,0)	3 828,3	2.9%
Loans up to 30 days overdue	19,7	(3,5)	16,2	17.8%
Loans 31 to 60 days overdue	9,2	(3,1)	6,1	33.7%
Loans 61 to 90 days overdue	6,1	(2,9)	3,2	47.5%
Loans 91 to 180 days overdue	11,5	(7,2)	4,3	62.6%
Loans over 180 days overdue	116,3	(111,3)	5,0	95.7%
Total collectively assessed loans	4 104,1	(241,0)	3 863,1	5.9%
Individually impaired				
Not past due	54,8	(15,3)	39,5	27.9%
Loans up to 30 days overdue	8,5	(5,3)	3,2	62.4%
Loans 31 to 60 days overdue	2,3	(1,6)	0,7	69.6%
Loans 61 to 90 days overdue	0,8	(0,4)	0,4	50.0%
Loans 91 to 180 days overdue	7,1	(6,0)	1,1	84.5%
Loans over 180 days overdue	33,7	(28,3)	5,4	84.0%
Total individually impaired loans	107,2	(56,9)	50,3	53.1%
Total commercial loans to legal entities	4 211,3	(297,9)	3 913,4	7.1%
Specialised loans to legal entities				
Collectively assessed				
Not past due	2 310,9	(83,6)	2 227,3	3.6%
Loans up to 30 days overdue	12,7	(1,4)	11,3	11.0%
Loans 31 to 60 days overdue	5,2	(1,5)	3,7	28.8%
Loans 61 to 90 days overdue	3,7	(1,5)	2,2	40.5%
Loans 91 to 180 days overdue	3,2	(2,1)	1,1	65.6%
Loans over 180 days overdue	51,8	(49,8)	2,0	96.1%
Total collectively assessed loans	2 387,5	(139,9)	2 247,6	5.9%
Individually impaired				
Not past due	83,7	(33,9)	49,8	40.5%
Loans up to 30 days overdue	4,2	(2,4)	1,8	57.1%
Loans 31 to 60 days overdue	1,3	(0,1)	1,2	7.7%
Loans 61 to 90 days overdue	0,8	(0,1)	0,7	12.5%
Loans 91 to 180 days overdue	5,4	(4,5)	0,9	83.3%
Loans over 180 days overdue	144,3	(108,7)	35,6	75.3%
Total individually impaired loans	239,7	(149,7)	90,0	62.5%
Total specialised loans to legal entities	2 627,2	(289,6)	2 337,6	11.0%
Total loans to legal entities	6 838,5	(587,5)	6 251,0	8.6%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

7 Loans and Advances to Customers (Continued)

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Consumer and other loans to individuals				
Collectively assessed				
Not past due	1 039,1	(8,6)	1 030,5	0.8%
Loans up to 30 days overdue	20,6	(0,4)	20,2	1.9%
Loans 31 to 60 days overdue	4,9	(0,3)	4,6	6.1%
Loans 61 to 90 days overdue	2,6	(0,3)	2,3	11.5%
Loans 91 to 180 days overdue	3,6	(0,9)	2,7	25.0%
Loans over 180 days overdue	26,1	(25,6)	0,5	98.1%
Total consumer and other loans to individuals	1 096,9	(36,1)	1 060,8	3.3%
Mortgage loans to individuals				
Collectively assessed				
Not past due	827,5	(3,3)	824,2	0.4%
Loans up to 30 days overdue	12,2	(0,2)	12,0	1.6%
Loans 31 to 60 days overdue	4,1	(0,1)	4,0	2.4%
Loans 61 to 90 days overdue	2,2	(0,2)	2,0	9.1%
Loans 91 to 180 days overdue	2,2	(0,3)	1,9	13.6%
Loans over 180 days overdue	23,4	(22,5)	0,9	96.2%
Total mortgage loans to individuals	871,6	(26,6)	845,0	3.1%
Car loans to individuals				
Collectively assessed				
Not past due	85,4	(0,7)	84,7	0.8%
Loans up to 30 days overdue	1,5	–	1,5	–
Loans 31 to 60 days overdue	0,3	–	0,3	–
Loans 61 to 90 days overdue	0,2	–	0,2	–
Loans 91 to 180 days overdue	0,2	–	0,2	–
Loans over 180 days overdue	2,0	(2,0)	–	100.0%
Total car loans to individuals	89,6	(2,7)	86,9	3.0%
Total loans to individuals	2 058,1	(65,4)	1 992,7	3.2%
Total loans and advances to customers as at 31 March 2012	8 896,6	(652,9)	8 243,7	7.3%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

7 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 31 December 2011:

<i>In billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities				
Collectively assessed				
Not past due	3 795,5	(117,4)	3 678,1	3.1%
Loans up to 30 days overdue	11,3	(3,1)	8,2	27.4%
Loans 31 to 60 days overdue	4,7	(2,2)	2,5	46.8%
Loans 61 to 90 days overdue	3,4	(1,8)	1,6	52.9%
Loans 91 to 180 days overdue	7,4	(4,8)	2,6	64.9%
Loans over 180 days overdue	115,6	(111,8)	3,8	96.7%
Total collectively assessed loans	3 937,9	(241,1)	3 696,8	6.1%
Individually impaired				
Not past due	33,3	(22,3)	11,0	67.0%
Loans up to 30 days overdue	7,0	(7,0)	–	100.0%
Loans 31 to 60 days overdue	0,5	(0,2)	0,3	40.0%
Loans 61 to 90 days overdue	4,1	(0,3)	3,8	7.3%
Loans 91 to 180 days overdue	0,1	–	0,1	–
Loans over 180 days overdue	30,0	(28,7)	1,3	95.7%
Total individually impaired loans	75,0	(58,5)	16,5	78.0%
Total commercial loans to legal entities	4 012,9	(299,6)	3 713,3	7.5%
Specialised loans to legal entities				
Collectively assessed				
Not past due	2 276,1	(86,7)	2 189,4	3.8%
Loans up to 30 days overdue	5,2	(0,8)	4,4	15.4%
Loans 31 to 60 days overdue	3,3	(1,2)	2,1	36.4%
Loans 61 to 90 days overdue	1,6	(0,7)	0,9	43.8%
Loans 91 to 180 days overdue	2,1	(1,3)	0,8	61.9%
Loans over 180 days overdue	59,3	(52,8)	6,5	89.0%
Total collectively assessed loans	2 347,6	(143,5)	2 204,1	6.1%
Individually impaired				
Not past due	71,8	(38,7)	33,1	53.9%
Loans up to 30 days overdue	4,0	(2,8)	1,2	70.0%
Loans 31 to 60 days overdue	2,2	(1,6)	0,6	72.7%
Loans 61 to 90 days overdue	–	–	–	–
Loans 91 to 180 days overdue	0,4	(0,3)	0,1	75.0%
Loans over 180 days overdue	137,7	(106,8)	30,9	77.6%
Total individually impaired loans	216,1	(150,2)	65,9	69.5%
Total specialised loans to legal entities	2 563,7	(293,7)	2 270,0	11.5%
Total loans to legal entities	6 576,6	(593,3)	5 983,3	9.0%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

7 Loans and Advances to Customers (Continued)

<i>In billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Consumer and other loans to individuals				
Collectively assessed				
Not past due	898,7	(10,9)	887,8	1.2%
Loans up to 30 days overdue	12,5	(0,2)	12,3	1.6%
Loans 31 to 60 days overdue	3,1	(0,2)	2,9	6.5%
Loans 61 to 90 days overdue	1,7	(0,2)	1,5	11.8%
Loans 91 to 180 days overdue	2,8	(0,6)	2,2	21.4%
Loans over 180 days overdue	25,2	(25,2)	–	100.0%
Total consumer and other loans to individuals	944,0	(37,3)	906,7	4.0%
Mortgage loans to individuals				
Collectively assessed				
Not past due	741,6	(4,6)	737,0	0.6%
Loans up to 30 days overdue	8,2	(0,2)	8,0	2.4%
Loans 31 to 60 days overdue	2,0	(0,2)	1,8	10.0%
Loans 61 to 90 days overdue	0,9	(0,1)	0,8	11.1%
Loans 91 to 180 days overdue	1,3	(0,3)	1,0	23.1%
Loans over 180 days overdue	23,4	(23,4)	–	100.0%
Total mortgage loans to individuals	777,4	(28,8)	748,6	3.7%
Car loans to individuals				
Collectively assessed				
Not past due	80,7	(1,0)	79,7	1.2%
Loans up to 30 days overdue	1,0	–	1,0	–
Loans 31 to 60 days overdue	0,2	–	0,2	–
Loans 61 to 90 days overdue	0,1	–	0,1	–
Loans 91 to 180 days overdue	0,1	–	0,1	–
Loans over 180 days overdue	2,1	(2,1)	–	100.0%
Total car loans to individuals	84,2	(3,1)	81,1	3.7%
Total loans to individuals	1 805,6	(69,2)	1 736,4	3.8%
Total loans and advances to customers as at 31 December 2011	8 382,2	(662,5)	7 719,7	7.9%

As defined by the Group for the purposes of internal credit risk assessment, loans fall into the “non-performing” category when a principal and/or interest payment becomes more than 90 days overdue.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

7 Loans and Advances to Customers (Continued)

As at 31 March 2012 the outstanding non-performing loans were as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities	168,6	(152,8)	15,8	90.6%
Specialised loans to legal entities	204,7	(165,1)	39,6	80.7%
Consumer and other loans to individuals	29,7	(26,5)	3,2	89.2%
Mortgage loans to individuals	25,6	(22,8)	2,8	89.1%
Car loans to individuals	2,2	(2,0)	0,2	90.9%
Total non-performing loans and advances to customers as at 31 March 2012	430,8	(369,2)	61,6	85.7%

As at 31 December 2011 the outstanding non-performing loans were as follows:

<i>In billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities	153,1	(145,3)	7,8	94.9%
Specialised loans to legal entities	199,5	(161,2)	38,3	80.8%
Consumer and other loans to individuals	28,0	(25,8)	2,2	92.1%
Mortgage loans to individuals	24,7	(23,7)	1,0	96.0%
Car loans to individuals	2,2	(2,1)	0,1	95.5%
Total non-performing loans and advances to customers as at 31 December 2011	407,5	(358,1)	49,4	87.9%

Provisions for Loan Impairment. The analysis of changes in provisions for loan impairment for the three months ended 31 March 2012 is presented in the table below:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Commercial loans to legal entities	Specialised loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
Provision for loan impairment as at 1 January 2012	299,6	293,7	37,3	28,8	3,1	662,5
Net provision charge/ (net recovery of provision) for loan impairment during the reporting period	3,5	(3,6)	(0,9)	(1,9)	(0,3)	(3,2)
Foreign currencies translation	(0,5)	(0,1)	(0,1)	(0,2)	–	(0,9)
Loans and advances written off during the reporting period	(4,7)	(0,4)	(0,2)	(0,1)	(0,1)	(5,5)
Provision for loan impairment as at 31 March 2012	297,9	289,6	36,1	26,6	2,7	652,9

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

7 Loans and Advances to Customers (Continued)

The analysis of changes in provisions for loan impairment for the three months ended 31 March 2011 is presented in the table below:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Commercial loans to legal entities	Specialised loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
Provision for loan impairment as at 1 January 2011	312,9	320,8	36,1	29,3	3,4	702,5
(Net recovery of provision) / net provision charge for loan impairment during the reporting period	(1,0)	(13,3)	0,1	–	–	(14,2)
Loans and advances written off during the reporting period	(9,1)	(0,5)	(0,2)	(0,2)	–	(10,0)
Provision for loan impairment as at 31 March 2011	302,8	307,0	36,0	29,1	3,4	678,3

Renegotiated loans. Information on loans whose terms have been renegotiated, as at 31 March 2012 and 31 December 2011 is presented in the table below. It shows the amount for renegotiated loans before provision for loan impairment by class.

<i>In billions of Russian Roubles</i>	Commercial loans to legal entities	Specialised loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
31 March 2012: <i>(Unaudited)</i>						
Not past due collectively assessed loans	597,7	338,1	20,2	59,5	2,9	1 018,4
Other renegotiated loans	122,0	66,8	6,5	11,4	1,2	207,9
Total renegotiated loans before provision for loan impairment	719,7	404,9	26,7	70,9	4,1	1 226,3
31 December 2011:						
Not past due collectively assessed loans	552,0	329,5	7,0	5,4	0,5	894,4
Other renegotiated loans	85,1	42,1	3,3	6,0	0,7	137,2
Total renegotiated loans before provision for loan impairment	637,1	371,6	10,3	11,4	1,2	1 031,6

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

7 Loans and Advances to Customers (Continued)

Investments in finance lease. Included in specialised loans to legal entities are net investments in finance lease. The analysis of net investments in finance lease as at 31 March 2012 and as at 31 December 2011 is as follows:

<i>In billions of Russian Roubles</i>	31 March 2012 (Unaudited)	31 December 2011
Gross investment in finance lease	134,5	134,9
Unearned future finance income on finance lease	(46,3)	(46,6)
Net investment in finance lease before provision for impairment	88,2	88,3
Less provision for impairment	(2,4)	(2,3)
Net investment in finance lease after provision for impairment	85,8	86,0

The contractual maturity analysis of net investments in finance lease as at 31 March 2012 is as follows:

<i>(Unaudited) In billions of Russian Roubles</i>	Net investment in finance lease before provision for impairment	Provision for impairment	Net investment in finance lease after provision for impairment
Not later than 1 year	26,7	(0,7)	26,0
Later than 1 year but not later than 5 years	48,7	(1,3)	47,4
Later than 5 years	12,8	(0,4)	12,4
Total as at 31 March 2012	88,2	(2,4)	85,8

The contractual maturity analysis of net investments in finance lease as at 31 December 2011 is as follows:

<i>In billions of Russian Roubles</i>	Net investment in finance lease before provision for impairment	Provision for impairment	Net investment in finance lease after provision for impairment
Not later than 1 year	26,6	(0,7)	25,9
Later than 1 year but not later than 5 years	48,9	(1,3)	47,6
Later than 5 years	12,8	(0,3)	12,5
Total as at 31 December 2011	88,3	(2,3)	86,0

The analysis of minimal finance lease receivables as at 31 March 2012 and as at 31 December 2011 per contractual maturity is as follows:

<i>In billions of Russian Roubles</i>	31 March 2012 (Unaudited)	31 December 2011
Not later than 1 year	29,0	28,5
Later than 1 year but not later than 5 years	71,4	72,0
Later than 5 years	34,1	34,4
Total	134,5	134,9

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

7 Loans and Advances to Customers (Continued)

Economic sector risk concentration. Economic sector risk concentrations within the customer loan portfolio as at 31 March 2012 and as at 31 December 2011 are as follows:

<i>In billions of Russian Roubles</i>	31 March 2012 (Unaudited)		31 December 2011	
	Amount	%	Amount	%
Individuals	2 058,1	23.1	1 805,6	21.5
Services	1 692,0	19.0	1 658,5	19.8
Trade	1 171,7	13.2	1 134,8	13.5
Food and agriculture	707,9	8.0	703,9	8.4
Construction	468,7	5.3	451,3	5.4
Energy	417,3	4.7	379,9	4.5
Chemical industry	369,2	4.1	340,2	4.1
Metallurgy	355,8	4.0	299,4	3.6
Machine building	355,5	4.0	355,6	4.2
Telecommunications	318,2	3.6	332,0	4.0
Transport, aviation, space industry	294,7	3.3	285,4	3.4
Government and municipal bodies	275,8	3.1	268,1	3.2
Oil and gas	157,8	1.8	164,7	2.0
Timber industry	54,2	0.6	50,4	0.6
Other	199,7	2.2	152,4	1.8
Total loans and advances to customers before provision for loan impairment	8 896,6	100.0	8 382,2	100.0

“Services” category includes financial, insurance and other service companies, as well as loans granted to holding and multi-industry companies.

As at 31 March 2012 the Group had 20 largest corporate borrowers with aggregated loan amounts due from each of these borrowers exceeding RR 50,7 billion (31 December 2011: 20 largest borrowers with loan amounts due from each of these borrowers exceeding RR 47,9 billion). The total aggregate amount of these loans was RR 1 985,7 billion or 22.3 % of the total gross loan portfolio of the Group (31 December 2011: RR 1 956,2 billion or 23.3 %).

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

8 Securities Pledged under Repurchase Agreements

	31 March 2012 (Unaudited)	31 December 2011
<i>In billions of Russian Roubles</i>		
Trading securities pledged under repurchase agreements		
Corporate shares	20,6	34,3
Russian Federation Eurobonds	11,0	7,0
Corporate bonds	6,1	6,1
Federal loan bonds (OFZ bonds)	4,5	0,4
Municipal and subfederal bonds	0,2	–
Foreign government bonds	0,1	–
Investments in mutual funds	0,1	0,3
Total trading securities pledged under repurchase agreements	42,6	48,1
Securities designated at fair value through profit or loss pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	5,4	8,1
Corporate shares	1,3	1,3
Total securities designated at fair value through profit or loss pledged under repurchase agreements	6,7	9,4
Investment securities available for sale pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	131,1	25,5
Corporate bonds	59,1	30,8
Russian Federation Eurobonds	40,3	29,4
Corporate shares	5,4	20,1
Municipal and subfederal bonds	2,1	–
Foreign government bonds	0,5	0,3
Total investment securities available for sale pledged under repurchase agreements	238,5	106,1
Investment securities held to maturity pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	75,0	136,4
Municipal and subfederal bonds	52,7	–
Corporate bonds	0,9	0,8
Total investment securities held to maturity pledged under repurchase agreements	128,6	137,2
Total securities pledged under repurchase agreements	416,4	300,8

As at 31 March 2012 included in Due to corporate customers are deposits in the amount of RR 13,6 billion (31 December 2011: 38,1 billion) received under sale and repurchase agreements with legal entities. Refer to Note 12. Deposits in the amount of RR 350,6 billion (31 December 2011: RR 220,9 billion) received under sale and repurchase agreements with other banks are included in Due to other banks.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

9 Investment Securities Available for Sale

	31 March 2012 (Unaudited)	31 December 2011
<i>In billions of Russian Roubles</i>		
Corporate bonds	308,1	320,3
Federal loan bonds (OFZ bonds)	283,2	410,9
Municipal and subfederal bonds	42,7	47,6
Foreign government bonds	40,2	22,0
Russian Federation Eurobonds	15,2	23,6
Total debt investment securities available for sale	689,4	824,4
Corporate shares	76,4	60,1
Total investment securities available for sale	765,8	884,5

10 Investment Securities Held to Maturity

	31 March 2012 (Unaudited)	31 December 2011
<i>In billions of Russian Roubles</i>		
Federal loan bonds (OFZ bonds)	133,7	74,7
Corporate bonds	130,6	130,1
Municipal and subfederal bonds	23,5	79,6
Foreign government bonds	0,3	0,1
Promissory notes	–	2,0
Total investment securities held to maturity	288,1	286,5

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

11 Other Assets

	31 March 2012 (Unaudited)	31 December 2011
<i>In billions of Russian Roubles</i>		
Other financial assets		
Derivative financial instruments	51,7	51,1
Receivables on plastic cards settlements	47,4	78,8
Settlements on operations with securities	18,2	15,2
Settlements on currency conversion operations	6,3	6,5
Accrued fees and commissions	3,4	3,9
Trade receivables	2,4	2,7
Funds in settlement	1,7	0,2
Other financial assets	12,0	6,9
Provision for impairment of other financial assets	(1,6)	(2,2)
Total other financial assets	141,5	163,1
Other non-financial assets		
Precious metals	61,0	66,0
Prepayments for premises and other assets	32,2	29,9
Goodwill	20,5	15,1
Intangible assets acquired through business combinations	15,9	12,2
Inventory of non-banking subsidiaries	12,9	12,7
Investment property	11,1	11,8
Investments in associates	10,8	4,7
Non-exclusive licences	8,5	8,9
Non-current assets held for sale and assets of the disposal group	8,1	14,4
Tax settlements (other than on income)	7,0	9,8
Prepaid expenses	4,2	3,8
Prepayment on income tax	1,2	1,5
Other non-financial assets	13,1	10,0
Provision for impairment of other non-financial assets	(4,5)	(3,9)
Total other non-financial assets	202,0	196,9
Total other assets	343,5	360,0

In April 2012 the Group disposed of a 60.00% share in CJSC GOTEK Group Management Company, a company involved in production and sale of packaging materials, for RR 0,6 billion. The preliminary gain from this operation amounted to RR 0,5 billion. As at 31 March 2012 assets of CJSC GOTEK Group Management Company were classified as assets of the disposal group. Refer to Notes 14 and 27.

As at 31 December 2011 included in assets of the disposal group were assets of OJSC Holding company GVSU Center which was disposed of by the Group in February 2012 (74.5% share) and in April 2012 (the remaining 25.5% share). Refer to Note 27.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

12 Due to Individuals and Corporate Customers

	31 March 2012 (Unaudited)	31 December 2011
<i>In billions of Russian Roubles</i>		
Individuals:		
- Current/demand accounts	1 032,6	1 077,0
- Term deposits	4 831,4	4 649,3
Total due to individuals	5 864,0	5 726,3
State and public organisations:		
- Current/settlement accounts	134,3	142,2
- Term deposits	135,4	39,6
Total due to state and public organisations	269,7	181,8
Other corporate customers:		
- Current/settlement accounts	1 251,6	1 230,1
- Term deposits	870,6	793,9
Total due to other corporate customers	2 122,2	2 024,0
Total due to corporate customers	2 391,9	2 205,8
Total due to individuals and corporate customers	8 255,9	7 932,1

Economic sector concentrations within customer accounts are as follows:

<i>In billions of Russian Roubles</i>	31 March 2012 (Unaudited)		31 December 2011	
	Amount	%	Amount	%
Individuals	5 864,0	71.0	5 726,3	72.2
Services	523,3	6.3	450,2	5.7
Oil and gas	330,1	4.0	311,9	3.9
Trade	278,4	3.4	305,6	3.9
Machine building	174,1	2.1	132,2	1.7
Municipal bodies and state organisations	156,2	1.9	58,3	0.7
Construction	137,7	1.7	182,7	2.3
Energy	127,9	1.5	122,2	1.5
Transport, aviation, space industry	102,5	1.2	79,7	1.0
Food and agriculture	81,1	1.0	78,6	1.0
Telecommunications	65,7	0.8	48,7	0.6
Chemical	54,4	0.7	56,3	0.7
Metallurgy	53,5	0.6	43,3	0.5
Other	307,0	3.8	336,1	4.3
Total due to individuals and corporate customers	8 255,9	100.0	7 932,1	100.0

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

12 Due to Individuals and Corporate Customers (Continued)

As at 31 March 2012 included in term deposits of corporate customers are deposits in the amount of RR 13,6 billion (31 December 2011: RR 38,1 billion) received under sale and repurchase agreements with legal entities. Fair value of securities collateralised under these agreements amounted to RR 16,0 billion and was included in securities pledged under repurchase agreements (31 December 2011: RR 46,1 billion). Refer to Note 8.

Included in term deposits of corporate customers are deposits in the amount of RR 1,4 billion (31 December 2011: RR 3,9 billion) under sale and repurchase agreements which are collateralised with securities of clients. Fair value of such securities totalled RR 1,7 billion (31 December 2011: RR 5,1 billion).

As at 31 March 2012 included in Due to corporate customers are deposits of RR 72,7 billion (31 December 2011: RR 95,0 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 22.

As at 31 March 2012 the Group had 20 largest customers with balances above RR 12,2 billion (31 December 2011: 20 customers with balances above RR 11,5 billion). The aggregate balance of these customers was RR 748,0 billion (31 December 2011: RR 621,1 billion) or 9.1 % (31 December 2011: 7.8 %) of total due to individuals and corporate customers.

13 Debt Securities in Issue

<i>In billions of Russian Roubles</i>	31 March 2012 (Unaudited)	31 December 2011
Loan participation notes issued under the MTN programme	219,3	169,6
Promissory notes	113,8	77,2
Other bonds issued	20,3	9,9
Savings certificates	17,8	9,8
Structured notes	1,6	1,5
Deposits certificates	0,3	0,7
Total debt securities in issue	373,1	268,7

In February 2012 the Group issued the eighth series of loan participation notes under the MTN issuance programme in the amount of USD 1 000 million equivalent to RR 30,2 billion as at the date of issue. The notes mature in February 2017 and have contractual fixed interest rate of 5.0% p.a. As at 31 March 2012 the notes were accounted for at amortised cost of RR 29,5 billion; the effective interest rate on the notes was 5.1% p.a.

In February 2012 the Group issued the ninth series of loan participation notes under the MTN issuance programme in the amount of USD 750 million equivalent to RR 22,7 billion as at the date of issue. The notes mature in February 2022 and have contractual fixed interest rate of 6.1% p.a. As at 31 March 2012 the notes were accounted for at amortised cost of RR 22,1 billion; the effective interest rate on the notes was 6.2% p.a.

In March 2012 the Group issued the tenth series of loan participation notes under the MTN issuance programme in the amount of CHF 410 million equivalent to RR 13,2 billion as at the date of issue. The notes mature in September 2015 and have contractual fixed interest rate of 3.1% p.a. As at 31 March 2012 the notes were accounted for at amortised cost of RR 13,3 billion; the effective interest rate on the notes was 3.2% p.a.

Other bonds issued represent interest-bearing securities issued by the Group, denominated in Belorussian Roubles, Kazakh Tenge, US Dollars and Euro.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

14 Other Liabilities

	31 March 2012 (Unaudited)	31 December 2011
<i>In billions of Russian Roubles</i>		
Other financial liabilities		
Short position on securities	39,6	67,4
Payables on plastic card settlements	51,3	45,8
Derivative financial instruments	20,3	26,7
Settlements on operations with securities	19,7	10,5
Funds in settlement	10,7	10,1
Trade payables	9,9	13,1
Deferred consideration on acquisition of Troika Dialog Group Ltd.	3,3	36,1
Deposit insurance system fees payable	5,5	5,2
Deferred commissions received on guarantees issued	1,3	1,4
Other	10,6	6,5
Total other financial liabilities	172,2	222,8
Other non-financial liabilities		
Accrued employee benefit costs	30,9	17,9
Taxes payable other than on income	13,2	9,5
Income tax payable	11,3	1,5
Advances received	1,6	1,8
Liabilities of the disposal group	1,6	8,5
Deferred gains on initial recognition of financial instruments	0,8	0,8
Other	3,9	2,4
Total other non-financial liabilities	63,3	42,4
Total other liabilities	235,5	265,2

In April 2012 the Group disposed of a 60.00% share in CJSC GOTEK Group Management Company, a company involved in production and sale of packaging materials, for RR 0,6 billion. The preliminary gain from this operation amounted to RR 0,5 billion. As at 31 March 2012 liabilities of CJSC GOTEK Group Management Company were classified as liabilities of the disposal group. Refer to Notes 11 and 27.

As at 31 December 2011 included in liabilities of the disposal group were assets of OJSC Holding company GVSU Center which was disposed of by the Group in February 2012 (74.5% share) and in April 2012 (the remaining 25.5% share). Refer to Note 27.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

15 Interest Income and Expense

(Unaudited)

In billions of Russian Roubles

Three months ended 31 March

2012 2011

Interest income

Interest income on financial assets carried at amortised cost and on financial assets available for sale:

- Loans and advances to customers	222,3	169,5
- Debt investment securities available for sale	16,1	18,1
- Debt investment securities held to maturity	7,4	6,0
- Due from other banks	1,7	2,0
- Correspondent accounts with other banks	0,2	–
	247,7	195,6

Interest income on financial assets carried at fair value through profit or loss:

- Debt trading securities	1,5	1,1
- Debt securities designated at fair value through profit or loss	0,5	1,0
	2,0	2,1

Total interest income

249,7 197,7

Interest expense

Term deposits of individuals	(52,7)	(49,0)
Term deposits of legal entities	(11,7)	(5,1)
Term placements of other banks	(7,1)	(1,2)
Subordinated debt	(5,0)	(4,7)
Current/settlement accounts of legal entities	(3,8)	(2,8)
Debt securities in issue	(3,8)	(3,2)
Other borrowed funds	(1,8)	(0,3)
Current/demand accounts of individuals	(1,7)	(1,4)
Correspondent accounts of other banks	(0,2)	(0,1)

Total interest expense

(87,8) (67,8)

Expenses directly attributable to deposit insurance

(5,6) (4,8)

Net interest income

156,3 125,1

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

16 Fee and Commission Income and Expense

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Three months ended 31 March	
	2012	2011
Fee and commission income		
Cash and settlements transactions with individuals	10,4	9,9
Cash and settlements transactions with legal entities	10,0	8,9
Plastic cards operations	9,9	6,4
Agent commissions on selling insurance contracts	3,8	2,8
Guarantees issued	1,4	0,7
Operations with foreign currencies	1,3	1,4
Cash collection	1,1	1,0
Transactions with securities	0,5	0,3
Other	0,8	0,5
Total fee and commission income	39,2	31,9
Fee and commission expense		
Settlement transactions	(2,1)	(1,4)
Operations with foreign currencies	(0,1)	(0,1)
Cash collection	(0,1)	–
Other	(1,1)	(0,7)
Total fee and commission expense	(3,4)	(2,2)
Net fee and commission income	35,8	29,7

17 Net Gains Arising from Trading in Foreign Currencies, Operations with Foreign Currency Derivatives and Foreign Exchange Translation Gains

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Three months ended 31 March	
	2012	2011
Net gains arising from trading in foreign currencies	0,6	1,7
Net foreign exchange translation losses	(7,0)	(10,0)
Net gains from operations with foreign currency derivatives	2,8	8,3
Total net losses arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(3,6)	–

18 Operating Expenses

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Three months ended 31 March	
	2012	2011
Staff costs	57,3	47,5
Depreciation of premises and equipment	13,6	9,5
Repairs and maintenance of premises and equipment	4,9	3,9
Administrative expenses	4,0	3,4
Taxes other than on income	3,3	1,8
Operating lease expenses for premises and equipment	3,0	2,1
Telecommunication expenses	1,6	1,3
Advertising and marketing services	1,2	0,5
Consulting and assurance services	0,7	0,2
Other	6,5	1,2
Total operating expenses	96,1	71,4

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

19 Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Bank by the weighted average number of ordinary shares in issue during the period, excluding treasury shares. The Bank has no dilutive potential ordinary shares; therefore the diluted earnings per share equals the basic earnings per share.

<i>(Unaudited)</i> In billions of Russian Roubles	Three months ended 31 March	
	2012	2011
Profit for the reporting period attributable to the shareholders of the Bank	92,2	86,8
Profit attributable to the ordinary shareholders of the Bank	92,2	86,8
Weighted average number of ordinary shares in issue (billions)	21,5	21,6
Earnings per ordinary share, basic and diluted (expressed in RR per share)	4,28	4,02

20 Segment Analysis

For the purposes of management the Group is divided into operating segments of activity – central head office, 17 regional head offices and subsidiaries – which are defined on the basis of organizational structure of the Group and geographical areas. The principal activity of all operating segments is banking operations. For the purposes of presentation in these condensed interim consolidated financial statements the operating segments are aggregated in the following reportable segments:

- **Moscow, including:**
 - Central head office of the Group,
 - Regional head office of Moscow,
 - Subsidiaries of the Group located in the region.
- **Central and Northern regions of European part of Russia, including:**

Regional head offices:

 - Severny – Yaroslavl,
 - Severo-Zapadny – Saint-Petersburg,
 - Tsentralno-Chernozemny – Voronezh,
 - Srednerussky – Moscow;

Subsidiaries of the Group located in the region.
- **Volga region and South of European part of Russia, including:**

Regional head offices:

 - Volgo-Vyatsky – Nizhniy Novgorod,
 - Povolzhsky – Samara,
 - Severo-Kavkazsky – Stavropol,
 - Yugo-Zapadny – Rostov-on-Don,

Subsidiaries of the Group located in the region.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

20 Segment Analysis (Continued)

- **Ural, Siberia and Far East of Russia, including:**

Regional head offices:

- Zapadno-Uralsky – Perm,
- Uralsky – Ekaterinburg,
- Sibirsky – Novosibirsk,
- Zapadno-Sibirsky – Tumen,
- Severo-Vostochny – Magadan,
- Dalnevostochny – Khabarovsk,
- Vostochno-Sibirsky – Krasnoyarsk,
- Baikalsky – Irkutsk,

Subsidiaries of the Group located in the region.

- **Other countries, including:**

- Subsidiaries located in CIS (Ukraine, Kazakhstan, Belarus),
- Subsidiaries located in Austria and Switzerland,
- Subsidiaries of Volksbank International AG (“VBI”) located in Central and Eastern Europe,
- Companies of Troika Dialog Group Ltd. located in the USA, the United Kingdom, Cyprus and certain other jurisdictions,
- A branch office in India.

The Management of the Group analyses operating results of every segment of activity for the purposes of making decision about allocation of resources and assessment of segments’ business results. The segments’ reporting and operating results which are provided to the Management of the Group for analysis are prepared under Russian accounting standards, except the segments’ reporting of the subsidiaries which is prepared under International Financial Reporting Standards.

Intersegment operations are performed on the basis of internal transfer pricing rates which are established, approved and regularly revised by the Management of the Group.

The subsidiaries’ activity is controlled by the Group integrally.

Segment reporting of the Group’s assets and liabilities as at 31 March 2012 is as follows:

<i>(Unaudited)</i> <i>In billions of</i> <i>Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Total assets	5 364,6	1 863,6	1 556,0	2 163,1	678,7	11 626,0
Total liabilities	4 341,0	2 037,2	1 463,4	1 863,9	522,2	10 227,7

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

20 Segment Analysis (Continued)

Segment reporting of the Group's assets and liabilities as at 31 December 2011 is as follows:

<i>In billions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Total assets	4 849,0	1 877,8	1 530,8	2 110,4	445,5	10 813,5
Total liabilities	3 825,7	2 045,3	1 434,0	1 876,4	349,5	9 530,9

Reconciliation of total assets and total liabilities as per the reportable segments with the Group's total assets and total liabilities under IFRS as of 31 March 2012 and 31 December 2011 is as follows:

<i>In billions of Russian Roubles</i>	Total assets		Total liabilities	
	31 March 2012 (Unaudited)	31 December 2011	31 March 2012 (Unaudited)	31 December 2011
Total amount per segment information	11 626,0	10 813,5	10 227,7	9 530,9
Adjustment of provisions	91,8	73,0	(18,4)	(17,2)
Additional interest accrued on loans	4,6	4,2	0,1	0,5
Deferred commission income on loans	(25,7)	(25,5)	–	0,7
Deferred comission income on guarantees	–	–	1,3	1,3
Accounting for derivatives at fair value	3,2	17,4	1,1	17,2
Adjustment of depreciation and cost or revalued amount of premises and equipment including effect of deferred tax	(60,4)	(51,2)	(1,2)	3,4
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	0,2	0,2	23,2	13,8
Adjustment of income tax	–	–	23,1	18,9
Other adjustments	2,2	3,5	7,7	(2,4)
The Group's total amount under IFRS	11 641,9	10 835,1	10 264,6	9 567,1

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

20 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 31 March 2012 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Interest income	93,9	46,2	39,8	55,6	12,1	247,6
Interest expense	(38,9)	(16,9)	(11,9)	(14,8)	(5,2)	(87,7)
Inter-segment (expense)/ income	(10,2)	8,3	1,3	0,6	–	–
Fee and commission income	9,7	9,5	8,0	11,6	1,8	40,6
Fee and commission expense	(0,9)	(0,6)	(0,4)	(0,8)	(0,8)	(3,5)
Net gains arising from securities	3,0	–	–	–	1,5	4,5
Net (losses)/gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(3,8)	1,0	0,7	0,9	(1,3)	(2,5)
Net (losses)/gains arising from operations with other derivatives	(0,4)	–	–	–	2,8	2,4
Net gains/(losses) arising from operations with precious metals	0,2	0,1	0,1	0,1	(0,4)	0,1
Other net operating gains	6,0	1,5	0,7	3,0	0,5	11,7
Operating income before recovery of provision/ provision charge for loan impairment	58,6	49,1	38,3	56,2	11,0	213,2
(Net provision charge)/net recovery of provision for loan impairment	(11,8)	(7,3)	1,0	4,8	(0,8)	(14,1)
Operating income	46,8	41,8	39,3	61,0	10,2	199,1
Operating expenses	(26,7)	(16,8)	(14,1)	(22,2)	(5,6)	(85,4)
Profit before tax (Segment result)	20,1	25,0	25,2	38,8	4,6	113,7
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	4,7	2,4	2,2	3,2	0,4	12,9
Depreciation of premises and equipment	(3,0)	(1,7)	(1,5)	(2,2)	(0,5)	(8,9)

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

20 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 31 March 2011 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Interest income	75,1	38,0	32,7	42,8	5,1	193,7
Interest expense	(26,9)	(15,6)	(10,7)	(12,7)	(1,9)	(67,8)
Inter-segment (expense)/income	(11,3)	6,8	2,3	2,2	–	–
Fee and commission income	4,7	8,5	6,4	9,2	1,1	29,9
Fee and commission expense	(0,5)	(0,4)	(0,4)	(0,7)	(0,2)	(2,2)
Net gains arising from securities	2,8	–	–	–	–	2,8
Net (losses)/gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(0,4)	0,8	0,5	0,8	–	1,7
Net losses arising from operations with other derivatives	(0,9)	–	–	–	–	(0,9)
Net gains/ (losses) arising from operations with precious metals	0,8	0,2	0,1	0,2	(0,1)	1,2
Other net operating gains/ (losses)	3,1	(0,2)	–	0,3	(0,3)	2,9
Operating income before recovery of provision/ provision charge for loan impairment	46,5	38,1	30,9	42,1	3,7	161,3
Net recovery of provision/ (net provision charge) for loan impairment	2,3	(2,2)	(3,8)	2,1	0,4	(1,2)
Operating income	48,8	35,9	27,1	44,2	4,1	160,1
Operating expenses	(19,1)	(13,7)	(12,0)	(16,4)	(2,4)	(63,6)
Profit before tax (Segment result)	29,7	22,2	15,1	27,8	1,7	96,5
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	1,0	1,2	1,1	1,5	0,3	5,1
Depreciation of premises and equipment	(1,2)	(1,6)	(1,4)	(1,9)	(0,2)	(6,3)

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

20 Segment Analysis (Continued)

Reconciliation of profit before tax for the reportable segments with the Group's income statement profit before tax under IFRS for the three months ended and for the three months ended 31 March 2012 and 31 March 2011 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Three months ended 31 March	
	2012	2011
Total amount per segment information	113,7	96,3
Adjustment of provisions	13,9	20,2
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	(12,3)	(8,3)
Differences arising on securities' classification	1,8	0,9
Accounting for derivatives at fair value	3,4	(0,7)
Additional interest accrued on loans	0,3	2,9
Adjustment of depreciation and cost of premises and equipment	(6,0)	(2,4)
Other adjustments	–	(1,1)
The Group's total amount under IFRS	114,8	107,8

The differences shown above arise from classification variances as well as different accounting policies.

Adjustment of provisions is related to the difference between estimation methodology applied in statutory accounting records used as a basis for management reporting and estimation methodology according to IFRS.

Differences arising on securities' classification relate to gains/(losses) on revaluation of securities designated at fair value through profit or loss in IFRS reporting but classified as available for sale in statutory accounting records used as a basis for management reporting.

For the three months ended 31 March 2012 the Group's revenues from customers in the Russian Federation amounted to RR 290,0 billion (for the three months ended 31 March 2011: RR 232,5 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 15,4 billion (for the three months ended 31 March 2011: RR 7,4 billion).

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue during the three months ended 31 March 2012 and during the three months ended 31 March 2011.

21 Financial Risk Management

The risk management function within the Group is carried out in respect of major types of risks: credit, market, liquidity and operational risks. Market risk includes interest rate risk, equity risk and currency risk. The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and limits. The operational risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational risk.

The Group's risk management policies and procedures are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2011.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

21 Financial Risk Management (Continued)

Currency Risk. Currency risk results from fluctuations in the prevailing foreign currency exchange rates. The Group is exposed to foreign exchange risk on open positions (mainly US dollar/RUB and EUR/RUB exchange rate fluctuations).

The table below summarizes the Group's exposure to foreign exchange risk in respect of monetary assets, liabilities and notional positions on currency derivatives as at 31 March 2012. Foreign exchange risk on forward and future contracts is represented by their notional positions. Foreign exchange options are disclosed in the amount that reflects theoretical sensitivity of their fair value to reasonable change in exchange rates.

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Russian Roubles	USD	Euro	Other	Total
Assets					
Cash and cash equivalents	494,3	153,9	173,9	100,1	922,2
Mandatory cash balances with central banks	104,7	0,7	5,5	6,2	117,1
Debt trading securities	61,0	5,7	0,2	2,8	69,7
Debt securities designated at fair value through profit or loss	22,7	–	–	0,6	23,3
Due from other banks	33,0	4,5	0,4	12,3	50,2
Loans and advances to customers	6 409,1	1 362,8	235,1	236,7	8 243,7
Debt securities pledged under repurchase agreements	275,3	92,9	20,1	0,6	388,9
Debt investment securities available for sale	585,0	50,6	26,5	27,3	689,4
Debt investment securities held to maturity	273,8	11,5	0,6	2,2	288,1
Other financial assets (less fair value of derivatives)	68,2	18,7	1,4	1,5	89,8
Total monetary assets	8 327,1	1 701,3	463,7	390,3	10 882,4
Liabilities					
Due to other banks	593,5	120,4	86,8	20,4	821,1
Due to individuals	5 025,7	377,6	303,2	157,5	5 864,0
Due to corporate customers	1 522,1	596,7	130,3	142,8	2 391,9
Debt securities in issue	75,3	251,9	6,8	39,1	373,1
Other borrowed funds	0,3	214,8	16,5	5,8	237,4
Other financial liabilities (less fair value of derivatives)	117,5	30,6	1,9	1,9	151,9
Subordinated debt	308,0	0,8	7,7	1,5	318,0
Total monetary liabilities	7 642,4	1 592,8	553,2	369,0	10 157,4
Net monetary assets/(liabilities)	684,7	108,5	(89,5)	21,3	725,0
Foreign exchange derivatives	69,5	(74,6)	28,5	(1,1)	22,3
Credit related commitments (Note 22)	1 374,4	430,3	212,6	67,9	2 085,2

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

21 Financial Risk Management (Continued)

The table below summarizes the Group's exposure to foreign exchange risk in respect of monetary assets, liabilities and notional positions on currency derivatives as at 31 December 2011.

<i>In billions of Russian Roubles</i>	Russian Roubles	USD	Euro	Other	Total
Assets					
Cash and cash equivalents	488,8	58,9	20,9	57,0	625,6
Mandatory cash balances with central banks	99,5	0,6	0,1	1,0	101,2
Debt trading securities	48,0	17,1	2,3	2,6	70,0
Debt securities designated at fair value through profit or loss	30,6	–	–	0,2	30,8
Due from other banks	23,7	8,1	0,1	3,2	35,1
Loans and advances to customers	6 074,4	1 385,5	157,4	102,4	7 719,7
Debt securities pledged under repurchase agreements	178,4	65,8	0,1	0,5	244,8
Debt investment securities available for sale	696,7	73,4	39,4	14,9	824,4
Debt investment securities held to maturity	273,4	12,9	0,1	0,1	286,5
Other financial assets (less fair value of derivatives)	93,1	17,1	1,3	0,5	112,0
Total monetary assets	8 006,6	1 639,4	221,7	182,4	10 050,1
Liabilities					
Due to other banks	404,6	98,9	21,0	7,9	532,4
Due to individuals	4 959,6	366,6	265,2	134,9	5 726,3
Due to corporate customers	1 517,5	524,6	88,2	75,5	2 205,8
Debt securities in issue	64,4	181,8	1,8	20,7	268,7
Other borrowed funds	0,3	222,3	19,8	1,6	244,0
Other financial liabilities (less fair value of derivatives)	145,5	48,3	0,8	1,5	196,1
Subordinated debt	303,3	0,2	–	–	303,5
Total monetary liabilities	7 395,2	1 442,7	396,8	242,1	9 476,8
Net monetary assets/(liabilities)	611,4	196,7	(175,1)	(59,7)	573,3
Foreign exchange derivatives	6,0	(167,4)	167,6	16,2	22,4
Credit related commitments (Note 22)	1 406,2	594,1	113,4	41,8	2 155,5

Liquidity Risk. Liquidity risk is defined as the risk of mismatch between the maturities of assets and liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, customer's current accounts, term deposits, loan drawdowns, guarantees and from margin and other calls on cash settled derivative instruments.

The table below shows assets and liabilities at 31 March 2012 by their remaining expected maturity. Following principles underlying gap analysis presentation and the Group liquidity risk management are based on the mix of CBR initiatives and the Bank's practice:

- Cash and cash equivalents represent highly liquid assets and are classified as "on demand and less than 1 month"
- Trading securities, securities designated at fair value through profit or loss and highly liquid portion of investment securities available for sale, including those pledged under repurchase agreements are considered to be liquid assets as these securities could be easily converted into cash within short period of time. Such financial instruments are disclosed in gap analysis table as "on demand and less than 1 month"

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

21 Financial Risk Management (Continued)

- Investment securities available for sale which are less liquid are disclosed according to remaining contractual maturities (for debt instruments) or as “no stated maturity” (for equities)
- Investment securities held to maturity including those pledged under repurchase agreements are classified based on the remaining maturities
- Loans and advances to customers, amounts due from other banks, other assets, debt securities in issue, amounts due to other banks, other borrowed funds and other liabilities are included into gap analysis table based on remaining contractual maturities
- Customer deposits diversification by number and type of depositors and the past experience of the Group indicate that such accounts and deposits provide a long-term and stable source of funding, and as a result they are allocated per expected time of funds outflow in the gap analysis table on the basis of statistical data accumulated by the Group during the previous periods and assumptions regarding the “permanent” part of current account balances.

The liquidity position of the Group’s assets and liabilities as at 31 March 2012 is set out below.

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity	Total
Assets							
Cash and cash equivalents	922,2	–	–	–	–	–	922,2
Mandatory cash balances							
with central banks	32,1	15,0	12,0	51,0	7,0	–	117,1
Trading securities	97,4	–	–	–	–	–	97,4
Securities designated at fair value through profit or loss	30,4	–	–	–	–	–	30,4
Due from other banks	7,8	36,2	2,2	1,3	2,7	–	50,2
Loans and advances to customers	363,7	967,4	1 327,1	2 682,2	2 903,3	–	8 243,7
Securities pledged under repurchase agreements	287,8	10,3	22,8	64,4	31,1	–	416,4
Investment securities available for sale	731,8	4,4	6,5	7,0	14,2	1,9	765,8
Investment securities held to maturity	0,3	31,3	45,7	79,2	131,6	–	288,1
Deferred income tax asset	–	–	–	–	–	8,3	8,3
Premises and equipment	–	–	–	–	–	358,8	358,8
Other assets	99,0	40,9	34,4	33,9	9,8	125,5	343,5
Total assets	2 572,5	1 105,5	1 450,7	2 919,0	3 099,7	494,5	11 641,9
Liabilities							
Due to other banks	537,7	192,1	51,6	23,0	16,7	–	821,1
Due to individuals	1 270,3	888,5	773,4	2 580,8	351,0	–	5 864,0
Due to corporate customers	1 041,1	147,5	51,1	1 140,7	11,5	–	2 391,9
Debt securities in issue	33,2	44,8	56,3	54,1	184,7	–	373,1
Other borrowed funds	8,0	36,2	20,2	155,0	18,0	–	237,4
Deferred income tax liability	–	–	–	–	–	23,6	23,6
Other liabilities	153,5	47,9	13,2	8,4	5,9	6,6	235,5
Subordinated debt	–	–	–	0,9	317,1	–	318,0
Total liabilities	3 043,8	1 357,0	965,8	3 962,9	904,9	30,2	10 264,6
Net liquidity (gap)/ surplus	(471,3)	(251,5)	484,9	(1 043,9)	2 194,8	464,3	1 377,3
Cumulative liquidity (gap)/ surplus at 31 March 2012	(471,3)	(722,8)	(237,9)	(1 281,8)	913,0	1 377,3	–

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

21 Financial Risk Management (Continued)

The liquidity position of the Group's assets and liabilities as at 31 December 2011 is set out below.

<i>In billions of Russian Roubles</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity	Total
Assets							
Cash and cash equivalents	625,6	–	–	–	–	–	625,6
Mandatory cash balances with central banks	27,7	10,7	8,9	47,7	6,2	–	101,2
Trading securities	102,0	–	–	–	–	–	102,0
Securities designated at fair value through profit or loss	52,0	–	–	–	–	–	52,0
Due from other banks	19,0	13,8	1,8	0,2	0,3	–	35,1
Loans and advances to customers	253,2	1 043,4	1 243,3	2 477,6	2 702,2	–	7 719,7
Securities pledged under repurchase agreements	163,7	–	39,0	82,1	16,0	–	300,8
Investment securities available for sale	869,3	–	2,8	3,1	8,4	0,9	884,5
Investment securities held to maturity	0,7	11,7	9,0	116,9	148,2	–	286,5
Deferred income tax asset	–	–	–	–	–	7,8	7,8
Premises and equipment	–	–	–	–	–	359,9	359,9
Other assets	138,3	35,7	29,9	39,7	19,1	97,3	360,0
Total assets	2 251,5	1 115,3	1 334,7	2 767,3	2 900,4	465,9	10 835,1
Liabilities							
Due to other banks	373,1	118,9	36,7	3,2	0,5	–	532,4
Due to individuals	1 243,7	739,2	654,1	2 726,0	363,3	–	5 726,3
Due to corporate customers	973,9	88,0	50,8	1 081,8	11,3	–	2 205,8
Debt securities in issue	35,3	36,7	17,9	53,5	125,3	–	268,7
Other borrowed funds	0,2	19,7	52,3	152,0	19,8	–	244,0
Deferred income tax liability	–	–	–	–	–	21,2	21,2
Other liabilities	186,0	47,5	9,6	11,9	6,5	3,7	265,2
Subordinated debt	–	–	–	0,2	303,3	–	303,5
Total liabilities	2 812,2	1 050,0	821,4	4 028,6	830,0	24,9	9 567,1
Net liquidity (gap)/ surplus	(560,7)	65,3	513,3	(1 261,3)	2 070,4	441,0	1 268,0
Cumulative liquidity (gap)/ surplus at 31 December 2011	(560,7)	(495,5)	17,9	(1 243,5)	827,0	1 268,0	–

22 Credit Related Commitments

The primary purpose of credit related commitments instruments is to ensure that funds are available to a customer when required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet the obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than direct lending.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

22 Credit Related Commitments (Continued)

Commitments to extend credit represent unused portions of authorisations to extend credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss equal to the total amount of unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the maturities of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. Outstanding credit related commitments are as follows:

<i>In billions of Russian Roubles</i>	31 March 2012 (Unaudited)	31 December 2011
Commitments to extend credit	813,1	741,9
Guarantees issued	567,1	490,6
Export letters of credit	243,7	364,5
Undrawn credit lines	305,1	378,0
Import letters of credit and letters of credit for domestic settlements	156,2	180,5
Total credit related commitments	2 085,2	2 155,5

At 31 March 2012 included in Due to corporate customers are deposits of RR 72,7 billion (31 December 2011: RR 95,0 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 12.

The total outstanding contractual amount of undrawn credit lines, letters of credit and guarantees does not necessarily represent future cash payments, as these financial instruments may expire or terminate without any payments being made.

23 Related Party Transactions

For the purposes of these condensed interim consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal shareholder is the Bank of Russia (refer to Note 1). Other related parties in the tables below comprise key management personal, their close family members, associated companies of the Group. Disclosures are made in Note 24 for significant transactions with state-controlled entities and government bodies.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

23 Related Party Transactions (Continued)

As at 31 March 2012 and 31 December 2011, the outstanding balances with the Bank of Russia and other related parties were as follows:

<i>In billions of Russian Roubles</i>	31 March 2012 (Unaudited)		31 December 2011	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Assets				
Cash and cash equivalents	161,6	–	51,3	0,9
Mandatory cash balances with the Bank of Russia	104,7	–	99,5	–
Due from other banks	–	0,2	–	0,8
Gross amount of loans and advances to customers	–	0,7	–	0,3
Impairment provision for loans and advances to customers	–	(0,3)	–	–
Other assets	0,7	–	–	0,1
Liabilities				
Due to other banks	652,4	1,0	265,6	–
Due to corporate customers	–	3,3	–	1,5
Subordinated debt	308,1	–	303,3	–
Other liabilities	–	–	–	0,3

The income and expense items with the Bank of Russia and other related parties for the three months ended 31 March 2012 and 31 March 2011 were as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Three months ended 31 March			
	2012		2011	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Interest income	–	–	5,2	–
Interest expense on subordinated debt	(4,9)	–	(4,8)	–
Interest expense other than on subordinated debt	(5,7)	–	–	–
Net provision charge for loan impairment	–	(0,3)	–	–
Operating expenses	(0,3)	–	(0,3)	–

For the three months ended 31 March 2012, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0,2 billion (for the three months ended 31 March 2011: RR 0,1 billion).

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

24 Operations with State-Controlled Entities and Government Bodies

In the normal course of business, the Group enters into contractual agreements with the government of the Russian Federation and entities controlled or significantly influenced by it. The Group provides the government-related entities with a full range of banking services including, but not limited to, lending, deposit-taking, issue of guarantees, operations with securities, cash and settlement transactions. Operations with government-related entities are carried out on general market terms and constitute the minority of the Group's operations.

Balances with government-related entities which are significant in terms of the carrying amount as at 31 March 2012 are disclosed below:

(Unaudited)
In billions of Russian
Roubles

		31 March 2012		
Client	Sector	Loans and advances to customers	Due to corporate customers	Guarantees issued
Client 1	Oil and gas	-	33,6	-
Client 2	Oil and gas	-	25,3	-
Client 3	Oil and gas	-	12,9	-
Client 4	Energy	89,1	21,9	-
Client 5	Energy	71,9	19,9	-
Client 6	Energy	69,2	-	-
Client 7	Telecommunications	83,9	-	-
Client 8	Telecommunications	-	-	8,5
Client 9	Machine building	58,1	23,9	-
Client 10	Machine building	58,1	-	-
Client 11	Machine building	-	-	16,5
Client 12	Machine building	-	-	10,4
Client 13	Machine building	-	-	5,8
Client 14	Transport, aviation, space industry	-	-	14,8
Client 15	Food and agriculture	-	-	9,9
Client 16	Government and municipal bodies	-	98,4	-
Client 17	Government and municipal bodies	-	16,0	-
Client 18	Government and municipal bodies	-	-	10,4
Client 19	Services	-	-	100,0
Client 20	Other	-	31,4	-

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

24 Operations with State-Controlled Entities and Government Bodies (Continued)

Balances with government-related entities which are significant in terms of the carrying amount as at 31 December 2011 are disclosed below:

*In billions of
Russian Roubles*

		31 December 2011		
Client	Sector	Loans and advances to customers	Due to corporate customers	Guarantees issued
Client 1	Oil and gas	-	44,2	-
Client 2	Oil and gas	-	18,3	-
Client 4	Energy	87,4	12,5	-
Client 5	Energy	79,3	37,9	-
Client 6	Energy	52,6	11,6	-
Client 7	Telecommunications	93,4	-	-
Client 8	Telecommunications	-	-	7,6
Client 9	Machine building	65,4	13,5	-
Client 10	Machine building	51,1	-	-
Client 11	Machine building	-	-	19,5
Client 12	Machine building	-	-	8,1
Client 13	Transport, aviation, space industry	-	-	16,1
Client 14	Food and agriculture	-	-	9,9
Client 15	Government and municipal bodies	-	11,7	-
Client 16	Government and municipal bodies	-	12,0	-
Client 17	Government and municipal bodies	-	-	20,8
Client 19	Services	-	-	100,0
Client 20	Other	-	21,3	-
Client 21	Energy	-	17,4	-
Client 22	Services	-	13,0	-

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

24 Operations with State-Controlled Entities and Government Bodies (Continued)

As at 31 March 2012 and 31 December 2011 the Group's investments in securities issued by government-related corporate entities were as follows:

<i>In billions of Russian Roubles</i>	31 March 2012		31 December 2011	
	(Unaudited)			
	Corporate bonds	Corporate shares	Corporate bonds	Corporate shares
Trading securities	22,9	6,9	8,2	8,1
Securities designated at fair value through profit or loss	-	1,3	-	2,7
Securities pledged under repurchase agreements	30,3	17,2	11,6	40,5
Investment securities available for sale	113,5	19,6	139,2	20,7
Investment securities held to maturity	45,4	-	45,9	-

For disclosures on investments in government debt securities please refer to Notes 5, 6, 8, 9 and 10.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

25 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 31 March 2012:

Name	Nature of business	Percentage of ownership	Country of registration
Subsidiaries:			
Volksbank International AG (“VBI”)	banking	100.00%	Austria
OJSC Belpromstroy Bank (OAO BPS Bank)	banking	97.91%	Belarus
SB JSC Sberbank	banking	100.00%	Kazakhstan
JSC Sberbank of Russia	banking	100.00%	Ukraine
Sberbank (Switzerland) AG (former SLB Commercial Bank AG)	banking	99.15%	Switzerland
CJSC Sberbank Leasing	leasing	100.00%	Russia
LLC Sberbank Capital	finance	100.00%	Russia
Troika Dialog Group Ltd.	finance	100.00%	Cayman islands
LLC Sberbank Investments	finance asset	100.00%	Russia
Sberbank Asset Management Company	management	100.00%	Russia
CJSC NK Dulisma	oil company	100.00%	Russia
LLC Khrustalnye Bashni	construction	50.01%	Russia
Vester Retail N.V.	retail trading	54.00%	Netherlands

In February 2012 following the entering into sale and purchase agreement in September 2011 Sberbank has completed its acquisition of 100% of Volksbank International AG (“VBI”). Consideration paid by the Bank amounted to Euro 505 million.

This transaction represents Sberbank’s first major acquisition outside the CIS and is another step in its transformation from a dominant domestic financial institution to a leading international bank. VBI has 295 branches and over 600,000 clients. VBI’s subsidiaries are within the top 10 financial institutions (by total assets) in each of Bosnia and Herzegovina, Croatia, the Czech Republic, and Slovakia, and within the top 15 financial institutions (by total assets) in each of Hungary, Serbia and Slovenia. It also has presence in Ukraine and holds a limited banking license in Austria.

The goodwill is primarily attributable to the potential synergies and profitability of the business as well as set up business processes. The goodwill will not be deducted for tax purposes in future periods.

Gross amount of loans and receivables acquired through this business combination amounted to RR 301,2 billion. The amount of cash flows not expected to be received was assessed at RR 18,2 billion.

Loss of VBI since the acquisition date included in the condensed interim consolidated statement of comprehensive income for the reporting period amounted to RR 0,4 billion.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

25 Principal Subsidiaries (Continued)

For the purpose of determining goodwill from the business combination fair values of identifiable assets and liabilities of VBI based on the final results of an independent external appraisal at the acquisition date were as follows:

(Unaudited)

In billions of Russian Roubles

	Fair value
Cash and cash equivalents	42,8
Mandatory cash balances with central banks	10,5
Trading securities	0,4
Securities designated at fair value through profit or loss	–
Due from other banks	15,9
Loans and advances to customers	251,0
Securities pledged under repurchase agreements	4,9
Investment securities available for sale	14,9
Investment securities held to maturity	1,9
Deferred income tax asset	1,2
Premises and equipment	4,5
Other assets	13,9
Total assets	361,9
Due to other banks	(50,5)
Due to individuals	(109,4)
Due to corporate customers	(77,3)
Debt securities in issue	(9,4)
Other borrowed funds	(92,1)
Deferred income tax liability	(0,6)
Other liabilities	(4,4)
Subordinated debt	(3,4)
Total liabilities	(347,1)
Fair value of net assets of subsidiary	14,8
Calculation of goodwill:	
Total purchase consideration	20,0
Non-controlling interest at fair value	0,3
Fair value of net assets of subsidiary	(14,8)
Goodwill on acquisition	5,5

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 31 March 2012 was 9.1 % (31 December 2011: 7.1%).

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

26 Capital Adequacy Ratio

The Group's objectives when managing capital are (i) to comply with the regulatory capital requirements set by the Bank of Russia and (ii) to safeguard the Group's ability to continue as a going concern.

According to requirements set by the Bank of Russia statutory capital ratio has to be maintained above the minimum level of 10%. As at 31 March 2012 the regulatory capital adequacy ratio was 15.0 % (31 December 2011: 15.0%). Compliance with capital adequacy ratios set by the Bank of Russia is monitored monthly with reports outlining the calculation.

The Group also monitors capital adequacy ratio based on Basel Accord to make sure it maintains a level of at least 8%. As at 31 March 2012 and 31 December 2011, Capital Adequacy Ratios calculated by the Group in accordance with the International Convergence of Capital Measurement and Capital Standards (July 1988, updated to November 2005) and Amendment to the Capital Accord to incorporate market risks (updated November 2005), commonly known as Basel 1 requirements, were as follows:

<i>In billions of Russian Roubles</i>	31 March 2012 (Unaudited)	31 December 2011
Tier 1 capital		
Share capital	87,7	87,7
Share premium	232,6	232,6
Retained earnings	975,8	882,9
Treasury shares	(10,4)	(7,0)
Less goodwill	(20,5)	(15,1)
Total Tier 1 capital	1 265,2	1 181,1
Tier 2 capital		
Revaluation reserve for premises	80,8	81,5
Fair value reserve for investment securities available for sale	5,4	(3,4)
Foreign currency translation reserve	(4,8)	(5,7)
Subordinated capital	318,0	303,5
Less investments in associates	(10,8)	(4,7)
Total Tier 2 capital	388,6	371,2
Total capital	1 653,8	1 552,3
Risk weighted assets (RWA)		
Credit risk	10 444,6	9 867,8
Market risk	300,8	349,0
Total risk weighted assets (RWA)	10 745,4	10 216,8
Core capital adequacy ratio (Total Tier 1 capital to Total RWA)	11.8	11.6
Total capital adequacy ratio (Total capital to Total RWA)	15.4	15.2

27 Subsequent Events

In April 2012 the Group disposed of the remaining 25.5% share of OJSC Holding company GVSU Center for RR 1,4 billion.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2012

27 Subsequent Events (Continued)

In April 2012 the Group disposed of a 60.00% share in CJSC GOTEK Group Management Company, a company involved in production and sale of packaging materials, for RR 0,6 billion. The preliminary gain from this operation amounted to RR 0,5 billion. As at 31 March 2012 assets and liabilities of CJSC GOTEK Group Management Company were classified as assets and liabilities of the disposal group in the condensed interim consolidated statement of financial position. Refer to Notes 11 and 14.

In April 2012 the Group acquired additional shares of OJSC Krasnaya Poliana for the amount of RR 7,6 billion as a result of which the Group obtained control over the company. As at the date of issuance of these condensed interim consolidated financial statements the Group was in the process of assessing the fair value of net assets of the company and the results of acquisition.